

Wellness Initiative

presented by

blue  of california

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1. Introduction

The fact that many Americans fail to follow a healthy lifestyle contributes to rising healthcare costs, poor health outcomes and a decline in quality of life. For example, according to the Centers for Disease Control and Prevention (CDC), nationally 33 percent of adults are obese. Obesity alone is estimated to generate \$36.5 billion in healthcare costs annually (Thorpe, et al., 2005). Blue Shield is committed to partnering with CalPERS to continue to pioneer innovative solutions that encourage the adoption of healthy lifestyles. As such Blue Shield proposes implementation of a comprehensive Wellness Initiative that will enhance, and seamlessly integrate with, our existing healthcare programs and core wellness platform.

This proposed initiative includes three components intended to dramatically improve employee engagement with wellness programs and to address one of the key drivers of CalPERS' long-term cost of healthcare trends: member behavior and health status. We are confident this expanded approach will result in measurable behavior changes in the CalPERS' population – ultimately lowering CalPERS' cost of healthcare and improving quality of life for its members. One of the key findings in our research is that in order to be truly successful, wellness programs must be tailored to the specific population and employment circumstances of the group. Therefore, we believe it is critical to have an active, open dialogue with staff, the Board, and key constituents before finalizing the scope and design of this program.

2. Background

Wellness Programs

Health population management is the science and art of helping people change their lifestyle to move toward a state of optimal health. This can include behavioral interventions, such as making more positive lifestyle choices (being smoke free, beginning exercise programs and healthier eating) or clinical interventions to identify risk factors in the early stages (screenings, immunizations, and annual physicals).

Wellness programs are most successful if they are developed as an integrated framework for the employer or location at which they are operating. The developed model can be centralized, as well as customized to meet the needs of each employer group or location.

Return on Investment

The return on investment (ROI) for wellness and prevention programs is difficult to measure and varies by industry. In general, an employer can see changes in healthcare costs realized over a three to five year period.

A review of 32 studies of corporate wellness programs found claims costs were reduced by up to 27.8%, physician visits declined by up to 16.5%, hospital admissions declined by up to 62.5%, disability costs reduced by up to 34.4%, and incidence of injury declined by up to 24.8%.

A 2007 Watson Wyatt survey found that employers who encourage employees to improve and maintain their health, and who have a highly effective health and productivity program, experienced superior performance in six significant areas:

- 20% more revenue per employee
- 16% higher market value
- 57% higher shareholder returns
- Lower disability costs
- Reduced absenteeism
- Reduced medical costs

A study of 18,831 Johnson & Johnson employees participating in a health and wellness program at work reported average annual savings of \$8.5 million during a four-year period. A separate study of the same group showed reductions in tobacco use, sedentary lifestyle, high blood pressure, high cholesterol, low dietary fiber intake and poor motor vehicle safety practices.

Citibank's health management program reported an estimated ROI of \$4.56 to \$4.73 saved per \$1 spent on the program (AJHP, Ozminkowski, Goetzel et al., 1999).

Key Attributes

Extensive review of recent research has shown that successful wellness and prevention initiatives have eight key factors common to all programs, regardless of industry or population.

These key factors are as follows:

1. Comprehensive, integrated, personal and accessible
2. Tailored to the population
3. Integrates the member's personal health care provider(s)
4. Marketed creatively
5. Supported by the employer's management team
6. Member privacy concerns are addressed
7. Appropriate incentives available to all employees; regardless of health status
8. Emphasis on ongoing positive efforts toward behavior change

Keeping these important factors in mind and applying them to the unique characteristics of the CalPERS' population, Blue Shield has designed this initiative to address each dynamic listed above. In addition, we have considered the importance of ease of implementation for CalPERS and ease of use by its members.

3. Wellness Proposal

The integrated, high-touch design of Blue Shield's core suite of wellness and disease management programs is already addressing healthy lifestyle choices and the needs of high risk/chronically ill members. These programs are designed to inform, educate and support members at every level – from achieving and maintaining a healthy lifestyle through managing chronic conditions and complex medical issues.

Our core wellness model includes the following programs:

- Wellness Assessment (Health Risk Assessment)
- NurseHelp 24/7
- Healthy Lifestyle Rewards (HLR)
- Direct-to-Member Messaging
- Linkage to Disease Management and Chronic Care Programs

Data from our current core wellness model and medical management programs is collected and consolidated through our Predictive Triage Engine, which then identifies and stratifies members, directing them to appropriate care or providing targeted outreach from our team of health professionals.

Our Enhanced Offering for CalPERS

By adding the following enhanced components to further solidify member and provider engagement, we believe we can achieve even greater results. The new components we are proposing to CalPERS include:

- Worksite wellness centers
- Increased physician/IPA engagement in wellness programs
- Individualized telephonic health coaching and personal health coaching at pilot wellness centers

What makes this initiative different is its strong emphasis on engaging at-risk employees along with healthy employees in a more aggressive way. Several of the proposed components are accessible 24/7 via web-based tools. These components incorporate the involvement of the employee's personal physician and maximize the effectiveness of appropriate disease management programs. All of the programs in the initiative afford the protection of employees' privacy and are consistent with current HIPPA and other related regulations protecting confidentiality of member personal health information.

A key to triggering employees' interest in this initiative is to grab their attention with an inviting communications campaign. Studies have shown this to be a major differentiator. As such, Blue Shield will provide CalPERS with creative marketing

communications support to assist in the development of customized branding and marketing materials.

Custom marketing communications available to CalPERS will include:

- Creation and launch of a unique CalPERS wellness brand with logo
- Custom outreach and educational materials
- Links to wellness programs and tools via CalPERS' website
- Promotional wellness items, such as recipe cards, pedometers, exercise bands, etc.

Measurable Objectives

Blue Shield will work with CalPERS and its consultants to determine which measurable objectives are most important to track. We recommend the following for consideration:

- Provision of wellness initiatives to members that result in maximum participation and positive behavior changes
- Reduction in members' health risk "scores" as a result of wellness interventions
- Improvement in members' health, productivity and "presenteeism"
- Over time, improvement in the health status of the member population, resulting in moderation of premium trends

4. Worksite Wellness Centers

Onsite worksite wellness centers have been shown to reduce employer costs by decreasing lost work time and absenteeism and improving workforce productivity. In addition, these types of centers are seen to have improved employee morale and assisted in recruitment and retention.

Blue Shield's proposal includes piloting worksite wellness centers at targeted CalPERS locations. These pilot centers would provide a "wellness storefront" at select worksites giving members easy access to "one-stop shopping" for services and health information. In addition, referrals for physicians, online services and telephone support will be provided. Integrating these wellness centers with other Blue Shield wellness programs will lay the foundation for long-term change by creating a new culture of health and wellness for CalPERS' members.

Services

The wellness centers will provide a wide variety of services and programs to CalPERS members:

- Episodic urgent care, such as upper respiratory infections, bruises and minor cuts

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- Health-risk management, assistance in completion of the Wellness Assessment and enrolling in HLR programs
 - Biometric screening exams and laboratory services
 - Smoking cessation and weight loss, either classes onsite or referral to community resources
 - Lifestyle risk management, preventative/diagnostic screenings for diabetes, blood pressure, cholesterol, body mass index (BMI)
 - Personal interaction with an individual health coach
 - Preventative health programs, exercise and healthy eating information

Locations

Wellness Centers can be established at multiple sites. In determining the number and location of sites, the following factors will be assessed:

- Ease of implementation, including space availability, extended hours access, parking, etc.
- Number of members that work at the site, or in close proximity, on a regular basis; a critical mass of approximately 2,000 would help maximize success
- Associated implementation costs related to an agency's facilities/infrastructure
- Onsite health benefit staff receptivity to partnering in the pilot activity; some agencies, by nature of their own culture or experience, may be more willing to invest time and resources in the effort

Experience of major employers such as QualComm and Intel have shown that adding a wellness center has greatly increased the effectiveness of their wellness and disease management programs. For example, by providing a limited scope of urgent care services onsite, an employer can "capture" many employees who would not normally participate in taking an HRA. Once they have visited the center, there is an opportunity for face-to-face education as well as an opportunity to walk the member through the HRA. Once the HRA has been completed – and the individual's unique needs identified – the member can be appropriately referred to any number of follow-up programs including health coaching and/or disease management.

5. Increased Physician Engagement

Engaging the individual member's primary care physician is an important part of the equation for successful outcomes. When wellness and prevention messages come directly from the member's provider, these messages clearly resonate with the member and drive member behavior through more direct physician/patient interaction. A physician's encouragement to join a wellness program increases the likelihood of adoption and ongoing participation. In addition, active involvement by the provider will help influence both provider and patient behavior.

Blue Shield proposes a partnership with selected high volume medical groups/IPAs and primary care physicians (PCPs) with a high volume of CalPERS members linked to their practice that would focus on working closely with their patients to make effective use of the HLR program and appropriately identify participants for all disease management programs.

Identify Key Primary Care Physicians and IPA/ Medical Group Partners

- The first step in the implementation process will be to identify the primary care physicians (and their associated IPA/medical group) with the highest volume of CalPERS centered populations. A team from Blue Shield, including the Regional Medical Directors, Network and Project Management will review the program with the medical group/IPA management and gain commitment from them to participate in the program. Blue Shield has already begun this review/assessment of potential collaborating providers.

Implementation: Train and Engage Medical Group Staff

Blue Shield wellness professionals will train and educate medical group/IPA staff and PCPs on the most effective ways to actively promote member engagement in wellness programs to the CalPERS members. For example, office staff will be advised to request that members complete the Wellness Assessment prior to a preventative appointment and bring the Wellness Assessment report to the visit for a one-on-one discussion with the physician.

Specific proposed activities of this component of the initiative include:

- Create Wellness Assessment stations in high volume physician offices, equipped with onsite computers/laptops. These stations will provide a convenient way for members to complete their assessments prior to the appointment with their physician. It also gives the physician an opportunity to review the results directly with the member and to develop a personalized "game plan" for that employee in real time.
- Educate the physicians on how to use the Wellness Assessment results proactively with their patients, by encouraging utilization of the activities and information available within the HLR program and incorporating risks identified into their plan of care for the member.
- Explore potential use of a rolling scale of incentives to medical groups/IPAs for engaging in the health and wellness continuum (i.e., for increasing the number of completed Wellness Assessments, for expanding participation levels in ongoing wellness programs, for improved Wellness Assessment score year over year, for referrals to disease management programs, and for reduction in the number of claims for the medical group/IPA).
- Survey members within the medical group/IPA for ongoing satisfaction and program feedback.

Evaluation, Refinement, and Expansion

A thorough evaluation will be conducted of the results coming out of the implementation phase of the PCP/ medical group engagement initiative. Based on this analysis, the initiative will be refined, as needed, to insure successful outcomes. Assuming it is on track, new medical groups/IPAs may be added to the initiative to expand the range of participants.

6. Health Coaching

Research has shown that for people with serious health-risk factors, health coaching can make a significant difference in changing behavior. One-on-one telephone coaching can encourage improvements in modifiable health-risk scores and to initiate positive changes in behaviors that affect health.

Therefore, as an integral part of this enhanced Wellness Initiative, Blue Shield is proposing to implement health coaching to compliment our HLR program. Coaching will be available to those employees meeting certain risk thresholds who benefit most from this type of focused interaction.

The program will target members by combing information from their Wellness Assessment with data in our Predictive Triage Engine, such as pharmacy, inpatient and outpatient claims; evaluating their significant risk factors and determining their readiness for change.

Key risk factors measured through the Wellness Assessment are:

| Key Risk Factors | |
|------------------|--------------------|
| Alcohol Use | Exercise (lack of) |
| BMI Measurement | Safety |
| Blood Pressure | Substance Abuse |
| Blood Sugars | Smoking |
| Cholesterol | Depression |

Addition of Health Coaching to Existing Wellness Platform

We propose adding health coaching to the existing HLR program. After the member completes the Wellness Assessment, an assessment score is provided on the computer screen. If the member has qualified for health coaching (an assessment score that places them in the moderate or high-risk categories), a message appears on the screen informing them of their results. The message confirms that they will be receiving a call

from a Health Coach within 30 days to discuss their wellness assessment. The employee is also provided with a toll-free telephone number to contact a Health Coach directly.

Employees enrolled in health coaching receive a welcome kit that includes an explanatory brochure, personalized physician letter, a Personal Health Journal, personalized goal letters, and educational booklets for their specific needs. Health Coaches have specific educational qualifications as sports physiologists or registered dietitians and undergo extensive training before they begin coaching. Ongoing training is also provided to ensure they are current with the latest healthcare information and methodologies.

Health Coach Calling Schedule

| Risk Level | Calling Frequency |
|-----------------------|--|
| High Risk: | 12 scheduled calls with a call cycle of 7 total attempts plus 1 letter |
| Moderate Risk: | 4 scheduled calls with a call cycle of 5 total attempts plus 1 letter |

There are a number of options CalPERS could consider in providing the Health Coaching benefit under the proposed initiative. The service could either be offered to all Blue Shield members meeting the criteria or initially only to a pilot population.

Telephonic coaching provides an ideal opportunity to test the effectiveness of a non-face-to-face intervention available to individuals unable to access onsite services such as those provided at a wellness center. Individual face-to-face personal health coaching will also be available at the pilot wellness centers.

An evaluation will be conducted to analyze year over year Wellness Assessment scores to determine the long-term changes in member behavior resulting from the Health Coaching intervention.

7. Outcomes and Measurements

Blue Shield is committed to partnering with CalPERS to ensure this expanded Wellness Initiative adequately addresses its population. Blue Shield's Medical Informatics team will work with CalPERS and an independent Third Party Evaluator (TPE) to determine the type of measurement to pursue.

It is essential that we completely understand what works for the CalPERS population and make the necessary adjustments to the Initiative to successfully impact member behavior. We expect the evaluation to include a review of impacts on key performance indicators, including: turnover, absenteeism, presenteeism, disability claims, medical claims and productivity.

Blue Shield will be identifying and engaging an independent third party to provide an evaluation of all program components – including both process and outcome measures. This third party will be brought on board in mid year 2008 so that they can design a comprehensive annual evaluation. We recommend consideration of the following evaluation metrics:

- Employee satisfaction
- Uptake/utilization of various program components: completed HRAs; gross number/percentage of eligible members; HLR enrollment and program completion; Health Coaching – telephonic/personal; and disease management enrollment and retention
- ROI/cost savings attributable to each program component
- ROI/cost savings calculated for medical claims costs, disability costs, absenteeism
- Access and availability of services
- Effectiveness of Member Incentives
- Frequency and duration of program interventions
- Integration with local medical community
 - Process – educational seminars, office visits, etc.
 - Uptake – number of participating physicians' offices, number of impacted patients, etc.
 - Outcomes – additional completed HRAs, additional program referrals, etc.
- Integration with CalPERS and community wellness programs
- Data capture and data quality
- Use of data to inform benefits and provider network decisions

8. Conclusions and Recommendations

This proposal will allow CalPERS to benefit from interventions designed to address the root causes of poor health status. By focusing, motivating, supporting, and rewarding individuals for making and maintaining lifestyle changes, we will lower member risks for chronic conditions and illnesses. This initiative aligns with CalPERS' goal to enhance member engagement in wellness and healthy behavior as one means of lowering long-term healthcare costs. Blue Shield has a demonstrated track record of being an innovative partner with employers to pursue strategies to lower the cost of healthcare while improving member satisfaction and quality. We look forward to assisting CalPERS in finding a solution for dealing with one of the toughest health care challenges facing employers today.

9. Appendix

Worksite Wellness Resources/Articles

Literature Review

- Conlin, Michelle, "Get Healthy – Or Else", Business Week, Feb 26, 2007
- Knight, Victoria E., The Wall Street Journal, Employers Tell Workers To Get Health or Pay Up, Dec, 2007
- Zimmerman, Rachel, The Wall Street Journal, "don't forget ur pills: Text Messaging for Health, Dec, 2007
- Okie, M.D., Susan, "The Employer as Health Coach" The New England Journal of Medicine, Oct 11, 2007
- Butcher, Lola, "Modest Investment in Coaching Seems To Lead To Lower Costs" Managed Care, Sept, 2006
- Wake Forest University Baptist Medical Center, "Employees With Workplace Flexibility Have Healthier Lifestyle Habits", Dec, 2007
- Selecky, Christobel, E., "The Rise of Health Improvement Programs –Giving Something Back to Employees", Benefits & Compensation Digest, Sept 2007
- Chapman, Larry, S., "Wellness Programs Hitting Their Stride", Benefits & Compensation Digest, Feb 2006
- Riedel, John E. & Lynch, Wendy D., "Estimating the Total Costs of Poor Employee Health", Benefits & Compensation Digest, Dec 2006
- LITTLER MEDELSON, P.C., Employer Mandated Wellness Initiatives: Respecting Workplace Rights While Controlling Health Care Costs, 2007-2008
- Watson Wyatt Worldwide, Building an Effective Health & Productivity Framework, 2007/2008 Staying@Work Report
- Health Promotion Advocates, The Health and Economic Case for Health Promotion, 2007
- Sykes, Andrew, "The Secrets to Success in Wellness programs: Leadership, Incentives, Healthy Workplace, Industry Week, January 25, 2008
- Lakhanpal Raj, MD, "Health Risk Assessments: From Participation to Payoffs in Risk Reduction and Health Outcomes", March 2007

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- Program Evaluation Summary, C. Everett Koop National Health Awards, 2007 Koop Award Winner – Healthy Living – Pepsi Bottling Company, February 2008
 - Human Resources Magazine, “A Healthy Bottom Line”, January 2008
 - Aurora Healthcare, 2005, <http://www.aurorahealthcare.org>, “Why start a Wellness, The ROI of a Wellness Program

Other Resources

- The Wellness Councils of America (WELCOA), including case studies on Union Pacific Railroad and International Corporation
- National non-profit membership organization dedicated to promoting healthier life styles for all Americans, especially through health promotion initiatives at the worksite. Organizationally, WELCOA serves as an umbrella, linking communities and coalitions together into a supportive network that includes locally affiliated Wellness Councils, Well City initiatives, Well Workplaces, and individual and corporate members throughout the United States
- The Health Project (Stanford University)— The mission of The Health Project (THP) is to seek out, evaluate, promote and distribute programs with demonstrated effectiveness in influencing personal health habits and the cost effective use of health care services. These programs have the objectives of (1) providing appropriate quality care, and (2) sharply reducing the alarming rate of health care inflation, by holding down unnecessary expenditures
- C. Everett Koop National Health Award series, awarding companies such as USAA, Union Pacific Railroad, Pepsi, Motorola and Johnson & Johnson
- Health Enhancement Research Organization (HERO)
- Wellness Junction
- Blue Shield of California Employees Wellness Program